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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS  
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WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
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AZ CORP COMMISSION  
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IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. G-04204A-06-0463  
UNSGAS, INC. FOR THE ESTABLISHMENT OF )  
JUST AND REASONABLE RATES AND )  
CHARGES DESIGNED TO REALIZE A )  
REASONABLE RATE OF RETURN ON THE )  
FAIR VALUE OF THE PROPERTIES OF UNS )  
GAS, INC. DEVOTED TO ITS OPERATIONS )  
THROUGHOUT THE STATE OF ARIZONA. )

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. G-04204A-06-0013  
UNSGAS, INC. TO REVIEW AND REVISE ITS )  
PURCHASED GAS ADJUSTOR. )

IN THE MATTER OF THE INQUIRY INTO THE ) DOCKET NO. G-04204A-05-0831  
PRUDENCE OF THE GAS PROCUREMENT )  
PRACTICES OF UNS GAS, INC. )

NOTICE OF FILING OF PAYMENT ALTERNATIVES

IN COMPLIANCE WITH DECISION NO. 70011

UNSGas, Inc. ("UNSGas"), through undersigned counsel, hereby files, in compliance with Decision No. 70011 (November 27, 2008), its recommendations regarding available alternatives for payment and service center locations.

I. INTRODUCTION.

In Decision 70011, the Arizona Corporation Commission ("Commission") directed UNSGas to explore available alternatives for customers to pay their bills. The Commission requested UNSGas to make reasonable efforts to determine whether other payment locations may be utilized

1 either in addition to, or in lieu of, the payday loan stores currently used by UNS Gas. The options  
2 to be explored included, but were not limited to: (i) joining with other utilities to enlist alternative  
3 agents, such as banks or grocery stores; (ii) accept cash payments; and (iii) opening joint local  
4 offices with other utilities to offset costs. The goal was to enhance customer service without  
5 exposing customers to the potential of being solicited by predatory lenders in the course of making  
6 a utility payment.

7 In response to the Commission, UNS Gas, in conjunction with Tucson Electric Power  
8 Company ("TEP") and UNS Electric, Inc. ("UNS Electric"), collectively the "Companies",  
9 propose to implement a new cash payment option, called PayScan™, for the Companies'  
10 customers.

11 **II. PAYSCAN™.**

12 PayScan America is the developer and patent holder of PayScan™. It is a process that uses  
13 existing bar code scanning technology to allow consumers to pay their bills at participating retail  
14 locations. The process negates any need for additional peripheral equipment to process and report  
15 payments.

16 While PayScan™ has the ability to partner with multiple retailers employing the scanning  
17 technology, the Companies have selected Circle K to be the initial retailer to accept customer  
18 payments in Arizona. The Companies and PayScan America will explore opportunities to add  
19 other retailers in the future.

20 Circle K currently has 636 locations in Arizona, all tied to the same network using  
21 PayScan™'s technology. Regardless of where a TEP, UNS Gas or UNS Electric customer is in the  
22 state, he can make his payment at any Circle K location, provided he has his most current bar  
23 coded bill stub.

24 The process requires that a bar code be printed on a customer's bill. The bar code, similar  
25 to those on other store merchandise, allows a clerk to simply "scan" the customer's bill stub  
26 Customers will determine the amount they wish to pay, and when the transaction is complete, they  
27 will receive a confirmation number, as well as the Companies' customer service telephone

1 number, on their receipt. An electronic record of that payment will be forwarded promptly to the  
2 Companies' Customer Care center in Tucson. The fee for the service is \$1.50.

3 **III. PAYSCAN™ BENEFITS.**

4 The PayScan™ option provides several benefits to customers and the Companies. PayScan™  
5 is available to customers at all Circle K retail sites in the state of Arizona during the stores'  
6 operating hours—24 hours at many locations. Customers are able to use cash, or a debit or credit  
7 card, in most instances when using the PayScan™ option. The PayScan™ option also allows the  
8 Companies to verify payments, within minutes, through an existing online resource. The  
9 PayScan™ option restricts Circle K employees from having access to customer information.

10 **IV. IMPLEMENTATION.**

11 The Companies and PayScan America are currently in the testing phase of the project and  
12 anticipate implementation within the second quarter of 2008. A press release, Web site updates  
13 and bill inserts will be used to inform customers of the new option. In addition, PayScan America  
14 is planning an advertising campaign to publicize the new option.

15 Beginning one month after the PayScan™ option is implemented, the Companies will  
16 notify customers of this change with bill inserts, Web site updates and signs posted in cash  
17 payment locations. The Companies will discontinue their payment of the fees the Companies  
18 currently cover associated with payments made at check cashing centers and other outside payment  
19 locations.

20 ACE Cash Express, and other independent payment agents, may choose to continue  
21 collecting cash payments for TEP, UNS Gas and UNS Electric. Those locations will likely begin  
22 charging customers directly for that service, however, once the Companies' subsidies are  
23 eliminated. UNS Electric and UNS Gas offices in Kingman, Lake Havasu City and Nogales will  
24 continue to accept cash payments from customers at no cost.

25 **V. CONCLUSION.**

26 The Companies have worked closely with low-income advocates in implementing this  
27 change, and believe this satisfies the advocates' desire for an alternative to payday lender

1 locations. The Companies believe that PayScan™ is in the public interest and are happy to  
2 provide customers with the added convenience of this new payment option.

3 RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of February, 2008.

4 UNS Gas, Inc.

5  
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16 Original and 17 copies of the foregoing  
17 filed this 22<sup>nd</sup> day of February, 2008, with:

18 Docket Control  
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20 Copy of the foregoing hand-delivered  
21 this 22<sup>nd</sup> day of February, 2008, to:

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